

WILLMAR CITY COUNCIL WORK SESSION
COUNCIL CHAMBERS
WILLMAR MUNICIPAL UTILITIES BUILDING
WILLMAR, MINNESOTA

April 11, 2016
4:45 p.m.

The Work Session of the City Council was called to order by the Honorable Mayor Marv Calvin. Members present on a roll call were Mayor Calvin, Council Members Denis Anderson, Ron Christianson, Audrey Nelsen, Rick Fagerlie and Shawn Mueske; Present 6, Absent 3. Council Members Steve Ahmann, Andrew Plowman and Tim Johnson were excused from the meeting.

Also present were City Administrator Larry Kruse, Finance Director Steve Okins, Public Works Director Sean Christensen, Community Education and Recreation Director Steve Brisendine and Fire Chief Frank Hanson.

Mayor Calvin informed the Council the purpose of the work session was to discuss the possibility of a local option sales tax. He gave a brief history of conversations over a year ago with Representative Baker and Senator Koenen relating to a half of a percent sales tax to fund projects of regional significance. The idea was not addressed at that time. At the Legislative Action Day this past March City representatives visited with Representative Baker and Senator Koenen and were again asked if the City would be considering this type of tax. Mayor Calvin noted a local option sales tax was discussed at the recent Council Retreat and the idea of holding this work session was to allow the Council to discuss the local option sales tax process and see what projects could be considered.

City Administrator Larry Kruse presented a history on Willmar's sales tax. In 1999 there was an approximately \$4 million sales tax for the Kandiyohi County Regional Library and in 2004 an \$8 million sales tax for expansion of the airport/industrial park, hiking and biking trails and the construction improvements of the Blue Line and Civic Center Connection. This tax was removed in 2012. Some key points Mr. Kruse brought forward were the statute that regulates the sale tax stating it is subject to the voters at a general election. The Council must pass a resolution that states the City's approval, proposed tax rate, uses, total revenue to be raised and length of time to be in effect, and lastly proceeds of the tax must be designated for specific improvements at least 90 days before the referendum. Mr. Kruse presented the 2004 ballot question for reference. The City Administrators and Mayors from Willmar, Spicer and New London have met and there is interest from both Spicer and New London to do their own local sales tax for specific projects they would like to pursue with ten years as the target date.

City Administrator Kruse stated for the City of Willmar a local option sales tax would generate roughly \$2.2 million annually and over a ten-year period it would generate approximately \$23 million. Projects of regional significance have been prepared for the Council's consideration by staff. These include: Community Center/Backup Emergency Operations Center, Mid-Minnesota office space along with WRAC 8 Studio, Swansson Field lighting improvements, Civic Center refrigeration improvements, Robbins Island Regional Park Improvements, Year-round Ice Arena Facility (third sheet), Multi-family Workforce Housing Incentive, Regional Emergency Training Center, Curling Club Facility, Block 50 Parking Structure and Wye South-end Overpass. The high-priority projects identified by staff were the refrigeration improvements at the Civic Center, the Swansson Field Lighting and the Community Center. Mr. Kruse stated the results of the facility study would be coming before the Council in the near future which would address the concerns of the Community Center. City Administrator Kruse detailed the process of implementing a local option sales tax giving a timeline to follow to make the ballot at the November 8th General Election, if the Council chose to proceed.

Mayor Calvin reiterated he would like the Council to consider a half of a percent sales tax over ten years and opened the meeting up for discussion by the Council.

Questions were raised about the proposed projects brought before the Council and if the decision to seek a local option sales tax should be made before the projects have been determined. Mayor Calvin opined the Council should first agree if it would be in favor of the local option sales, then determine the projects and lastly the question for the voters. This meeting was held to see if the Council supports a local option sales tax and noted it is the Council's responsibility to select which projects to fund.

Staff was asked to address each of the projects and explain its regional significance. City Administrator Kruse briefly explained how each project can be viewed as being of regional significance. It was noted the projects brought forth for consideration totaled upwards of \$50 million and there may be projects the Council would rather have considered which will be by selection of the Council. He indicated there is need for many of these projects and if not by a local option sales tax, they will have to be funded by property tax. Mayor Calvin opined that if the tax payers don't support the local option sales tax, they will vote against it and the Council is responsible to select the right projects to bring forward for consideration. Council Member Christianson spoke against additional taxes and there not being an appetite in the business community for a local option sales tax.

Council Member Mueske asked for a ballpark estimate for the three high-priority projects. CER Director Steve Brisendine estimated the Civic Center Refrigeration at \$2 - \$2.8 million, and \$1.8 million for Swansson Field Lighting. City Administrator Kruse estimated the Community Center facility at \$350 a square foot or approximately \$5-7 million. Council Member Anderson mentioned some projects for possible consideration. One being revisiting the transportation plan that was done years prior and considering those recommendations and others some nice, market-rate apartments in the downtown area and the Becker Avenue Plan. Public Works Director Christensen addressed the transportation plan stating there is money designated in the 2016 CIP to update it. Council Member Nelsen touched on the Civic Center refrigeration updates and the need to do them improvements whether it be by a local sales tax or placed in the budget, but yet this does not touch on any updates that need to be done at the facility such as locker rooms and other amenities mentioned in the Junior Hockey lease. She pointed out the facilities report will enable the Council to decide what projects need to be prioritized and she supports a local option sales tax for the right reasons.

Council Member Fagerlie requested clarification on the Civic Center and the possible sale of the Blue Line Center questioning if the City can sell it being it was donated and expressed his concern relating to the lighting at Swansson Field and the viable options of a new Community Center. City Administrator Kruse stated these are all thoughts that need to be put out there for discussion and addressed by the Council.

The question was raised as to the scope and cost estimates for the projects. Mayor Calvin asked for clarification of additional projects brought forward by the Council. City Administrator Kruse noted the additional projects as the transportation plan, the Becker Avenue plan, staffing at the Community Center and a Field House. Council Member Nelsen requested an explanation on the time line should the Council decide to proceed with a local options sales. Mayor Calvin reviewed the actions noting the process has to be complete 90 days prior to the election, which is the first part of August. At that point you move to educate the constituents.

It was the consensus of the Council to continue the discussion in support of the local option sales tax at the April 18, 2016 City Council meeting.

There being no further business to come before the Council, the Work Session adjourned at 6:02 p.m.

Attest:

MAYOR

SECRETARY TO THE COUNCIL